

SEMINOLE COUNTY GOVERNMENT AGENDA MEMORANDUM

SUBJECT: Request Authorization to Establish Rate Stabilization Funds for the County's Enterprise Fund Utility Systems in accordance with Bond Covenants

DEPARTMENT: Environmental Services

DIVISION: Business Office

AUTHORIZED BY: John Cirello

CONTACT: Bob Briggs

EXT: 2148

MOTION/RECOMMENDATION:

Authorize establishment of Rate Stabilization Funds for the County's Water & Sewer, and Solid Waste Funds and authorize the County Manager to transfer revenues upon year-end close to the Rate Stabilization Funds as may be necessary consistent with bond covenants and enabling resolutions adopted by the Board.

County-wide

Bob Briggs

BACKGROUND:

A Rate Stabilization Fund (RSF) as defined in the enterprise fund bond covenants can be established for use as a management tool to ensure adequate revenue exists for the purposes of meeting required debt service coverage ratios. Funding the RSF allows excess operating revenue (defined as revenue not necessary to meet the required debt service coverage ratio) to be deferred for purposes of calculation of the annual debt service coverage. In subsequent fiscal years, the RSF funds can be used as necessary to offset revenue shortfalls or increased operating expenses for purposes of meeting required debt service coverage ratios. The actual amount of any revenue requested for deferral or use will be determined as the County goes through its year-end close-out.

RSF utilization is a technique successfully used with some frequency by other utility enterprise funds throughout state. Bond counsel has been consulted regarding implementation of an RSF.

STAFF RECOMMENDATION:

Staff recommends the Board authorize establishment of Rate Stabilization Funds for the County's Water & Sewer, and Solid Waste Funds and authorize the County Manager to transfer revenues upon year-end close to the Rate Stabilization Funds as may be necessary consistent with bond covenants and enabling resolutions adopted by the Board.

Additionally Reviewed By:

☒ Budget Review (Karen Huffman, Lisa Spriggs)